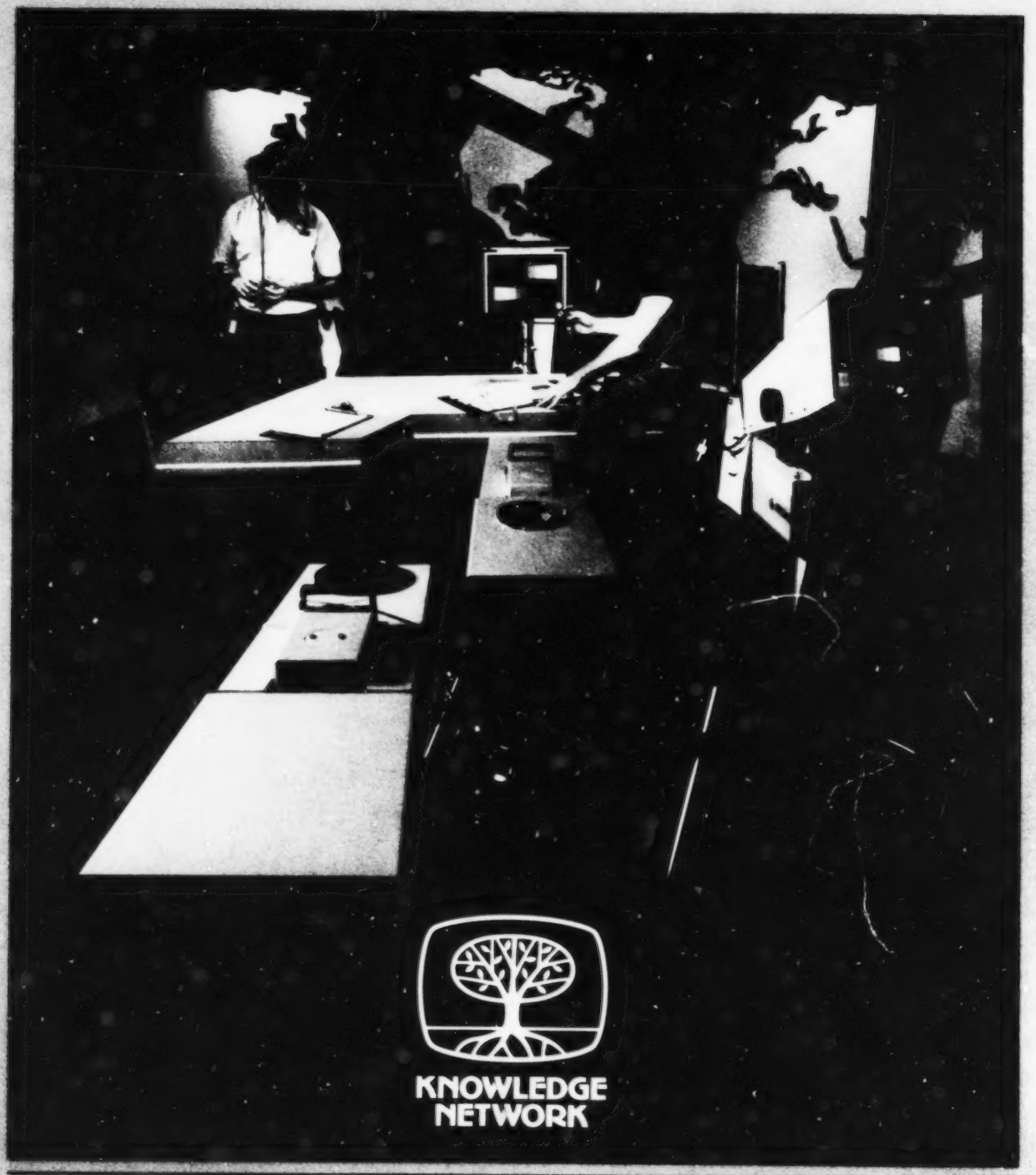
Good Television!

from Good People



Annual Report 1985

86-0735/

The Honourable Patrick L. McGeer,
Minister of Universities, Science and
Communications,
Parliament Buildings,
Victoria, B.C.

Dear Dr. McGeer,

On behalf of the Board of Directors, it is my honour and pleasure to present the fifth Annual Report of the Knowledge Network of the West Communications Authority.

Yours truly,

Walter G. Hardwick

Walter G. Hardwick,
Chairman and President

Corporate Information

Executive Offices

Box 3200
Victoria, B.C.
V8W 3H4
(604) 721-5669
Telex: 049-7491

Operations Centre

2206 East Mall,
Vancouver, B.C.
V6T 1W5
(604) 224-6511
Telex: 045-4226

Bankers

Bank of Montreal

Auditor

Auditor General for British Columbia

Chairman and President

Dr. Walter G. Hardwick

Treasurer

Carl Daneliuk

Secretary

David W. Roach

Officers

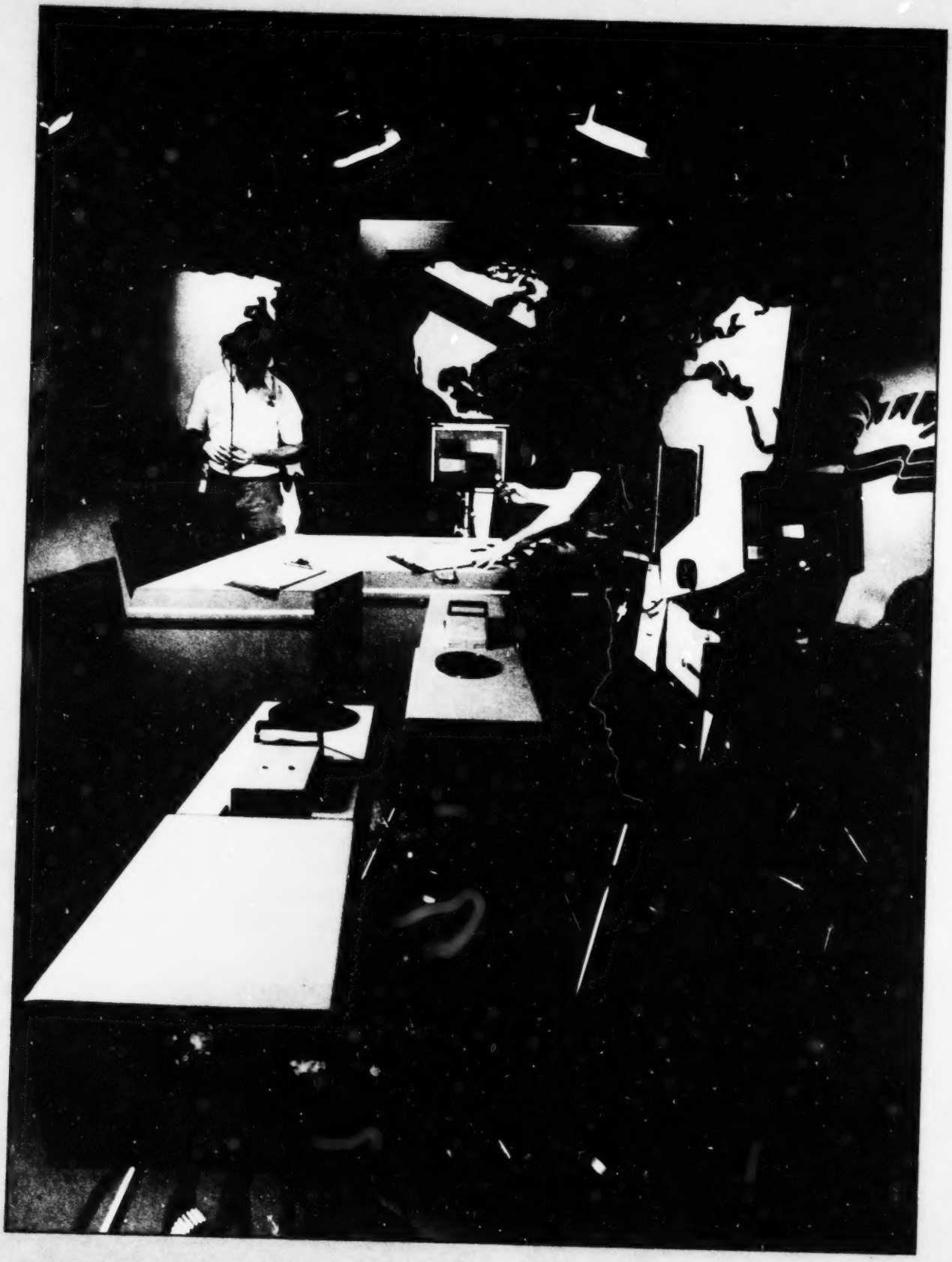
Ena Brannan, Executive Director, Finance and Business Services

Kathleen Forsythe, Executive Director, Learning Systems

David W. Roach, Executive Director, Network Services

BC

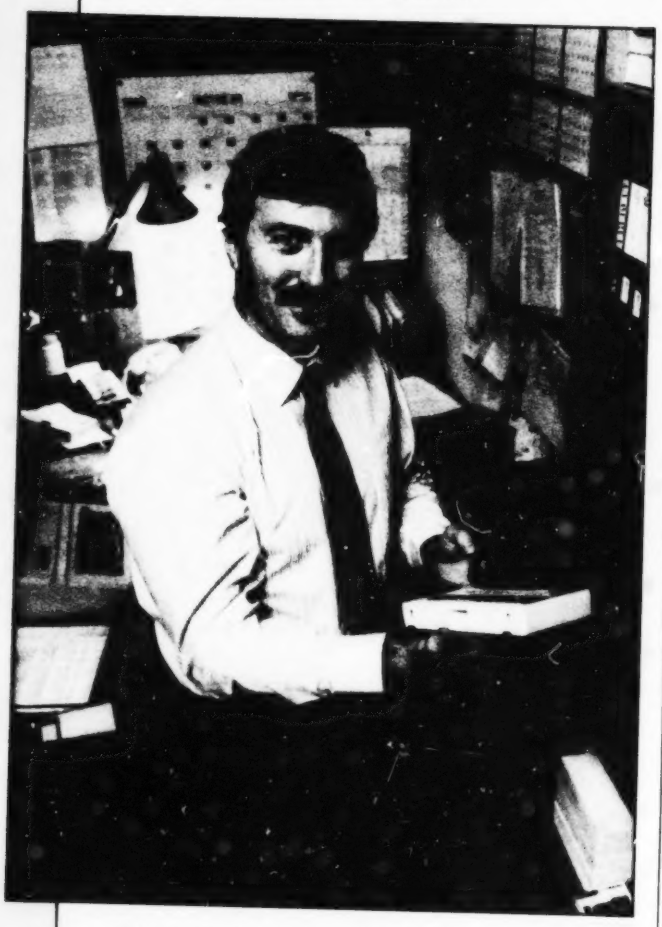
The Knowledge Network is made possible by grants received from the Province of British Columbia



2.

Good Television! from Good People

The Knowledge Network is a ***telecommunications system*** that brings educational programming to residents throughout British Columbia.



Since its inception in 1980, the Knowledge Network has gained a well-earned reputation for its ability to provide innovative, stimulating daily programming in a reliable manner. Moreover, through the imaginative utilization of satellite communications, the Network has provided this programming to viewers living in the most remote corners of the province. Such an achievement would be a source of pride for a television network many times larger than British Columbia's Knowledge Network.

How has so much been achieved in a short period of time and within a balanced budget?

The answer lies in the dedication and talent of Knowledge Network personnel. It is their enthusiasm and understanding that make the Network's ***"good television"*** a reality. The Network's programming target is a broad one; the presentation of knowledge from many disciplines and areas of study. The focus of this Annual Report is much more specific. The focus is on the ***good people*** who have made the Knowledge Network what it is today.

Good People!

Chairman's Report

The Knowledge Network celebrates five years of good television. The infant network that began a unique service to hundreds of British Columbia viewers is now a strong and vibrant youngster, looking ahead to a bright future as British Columbia's educational telecommunications system.

The best measurement of the Knowledge Network's success is the increasing number of British Columbians who watch it and the growing number of students who enroll with institutions for Network courses. The increases in viewers are impressive and reflect the growing awareness of the Network and continued loyalty of those who view and participate.

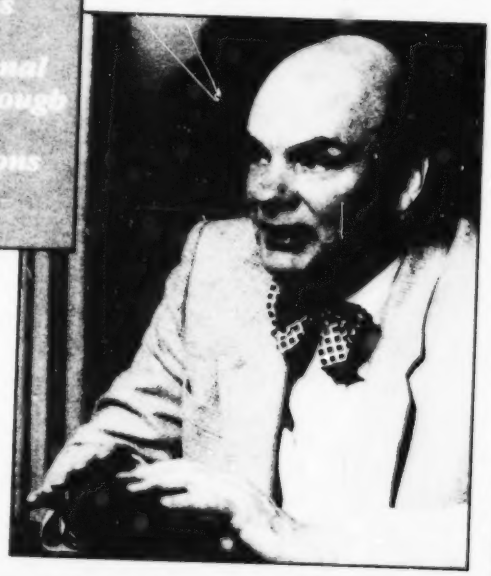
> *"The goal remains unchanged . . . to provide educational opportunities through innovative telecommunications and educational technologies."*

The goal of the Knowledge Network remains unchanged: to provide British Columbia people with educational opportunities through the use of innovative telecommunications and educational technologies. The creation of the ***Open University Consortium of British Columbia*** was an important milestone in pursuing this goal. As a consortium member, the Knowledge Network, in partnership with the province's three universities and the Open Learning Institute, helped initiate an "open degree" program. This program enables British Columbians, regardless of geographical location, to complete a university degree in their own homes.

The Network's partnership with colleges and institutes continues, and working closely with the Ministry of Education and school districts, the Network plans to extend its services to public schools, enhancing curriculum programs and teachers' in-service education. In addition, the Network's commitment to expanding "informal" educational programming for pre-school children, families and adults remains strong. The continued keen interest and strong support of the Minister, the Honourable Patrick McGeer, has encouraged the Network to strive for a high standard of innovative programming on all levels. I would like to publicly acknowledge his contribution.

"Good television" not only refers to programming, but also to ***presentation.*** The production skills demonstrated by the Network's talented staff have earned plaudits from both public and professional audiences.

Fiscal restraint has meant that the Network's funding level has remained unchanged for the past three years. In an effort to expand its revenue base, the Network is initiating the "Partners in Knowledge" program, which will allow corporations and foundations to demonstrate their support of educational television through patronage.



I have been honoured to have had the privilege of serving over the first five years as both Chairman of the Board and President. Now, I hand over the duties and responsibilities of President to Dr. Glen Farrell. I will continue as Chairman of the Board, and look forward to many more years of service to the Knowledge Network and the people of British Columbia.

Walter G. Hardwick

Walter G. Hardwick

Board of Directors

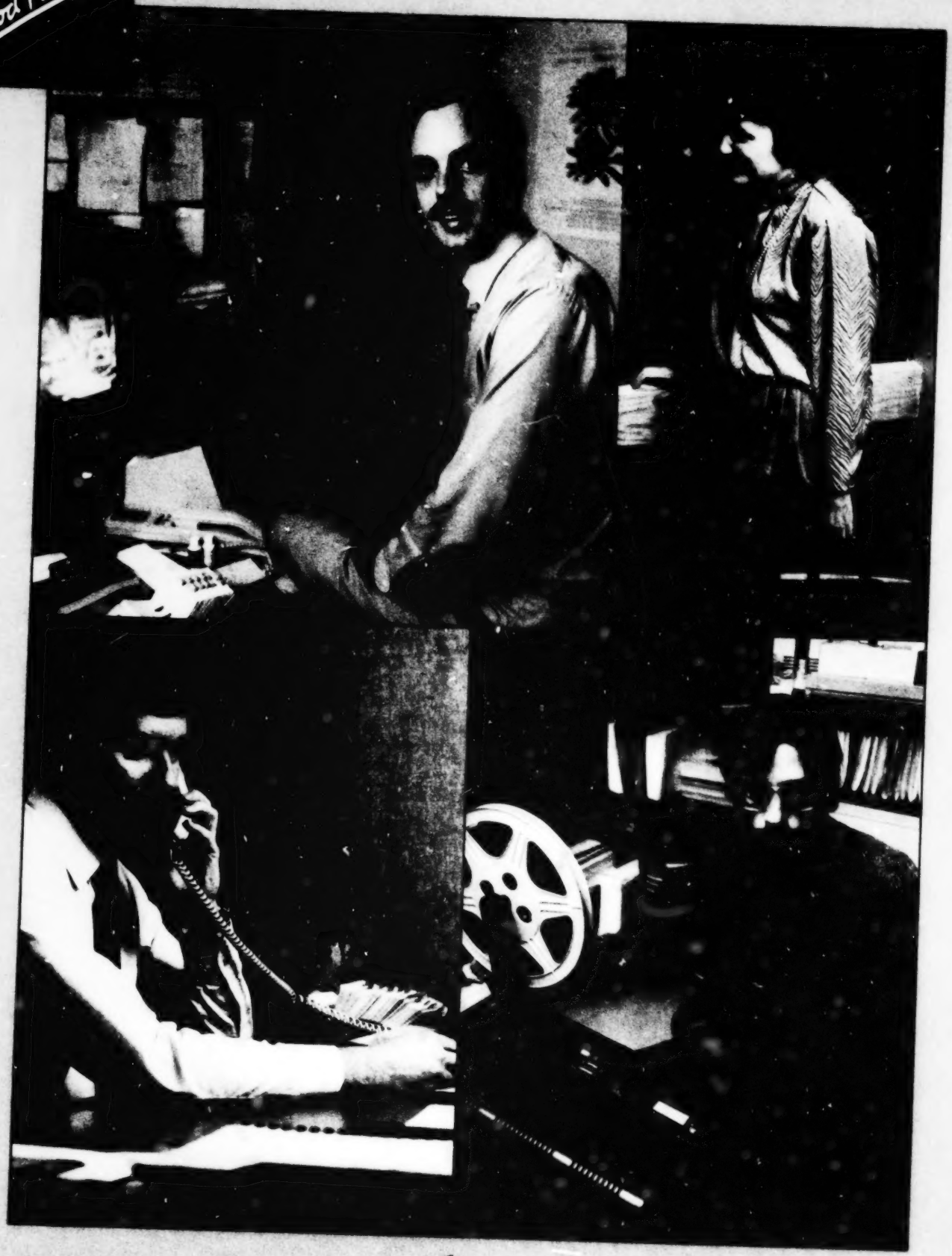
(left to right): Charles W. Brewster, *Kamloops*; Ronald R. Jeffels, *Richmond*; Don M.E. Hamilton, *North Vancouver*; Glen M. Farrell, *Victoria*; Walter G. Hardwick, *Vancouver*; Harold J. Page, *Victoria*; Frank Ogden, *Vancouver*; Carl Daneliuk, *Victoria*; Donna Mackey, *West Vancouver*; J. Fred Weber, *Terrace*; Cindy Brunel, *Fernie*.

Chairman of the Board
Walter G. Hardwick

Finance Committee
Carl Daneliuk, Chair
Don M.E. Hamilton
Walter G. Hardwick
Ronald R. Jeffels

Personnel Committee
Ronald R. Jeffels, Chair
Don M.E. Hamilton
Walter G. Hardwick
Donna Mackey

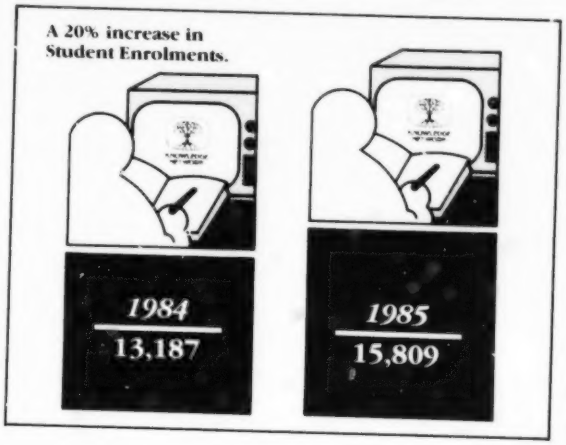
Good People!



Learning Systems

Kathleen Forsythe,
Executive Director

Executive Director Kathleen Forsythe and her Learning Systems staff work to bring together students and educators all over the province. This combined effort on the part of educators and the Knowledge Network made it possible for 15,000 students last year to register with institutions for courses carried on the Network. This is a 20 percent increase over the previous 12 months.



"... the really exciting aspect of the Knowledge Network is the overwhelming response ... to the diversity of our programming."

The shift from classroom to television studio is a major transition for educators, but the goal of effective learning remains the same. ***Learning Systems Design*** Manager, Alexandra MacGregor, and Project Officer, Betty Mitchell, help institutions reach that goal. Before each telecourse is scheduled, they work closely with institutions and agencies in the preparation of course material. Television can also be a "two-way" medium. Learning Systems Design staff help to make live interactive programming possible, bringing people hundreds of miles apart closer together, through television participation.

The scheduling of the many programs created in B.C. and the acquisition of programs produced in other countries provide a scope and richness to the Knowledge Network's programming. Learning Systems Scheduling Supervisor, Gresham Bradley, and ***Utilization Services*** Manager, Michael Reddington, search out and negotiate rights for a wide spectrum of programs and features from around the world. They also ensure that the highly complex task of scheduling the Network's three seasons is responsive to the needs of both programmers and viewers.

Learning on the Network is not limited to lesson outlines or facts found in text books. "Although we wanted to see the Network as a means for education and learning through televised courses and workshops offered by colleges, institutes and universities," says Kathleen, "we also wanted to ensure that people could enjoy and appreciate a variety of general educational programs even if they did not want to become a student."

Good People!

The quest for knowledge is a life-long activity. This fact guides Kathleen Forsythe and her staff in blending programs that will appeal to children and parents, young people and old; learners of all ages.

"We wanted to ensure that children had the opportunity to participate," adds Kathleen. "We believe that families can learn to use television wisely to further conversation about many values and ideas presented."

Learning Systems personnel also ensure that the Network is ***approachable.*** "Callers' Choice" enables viewers to telephone, toll-free, to request a repeat of a program at a convenient time. Learning Systems Assistant, Mark Bonham, and Scheduling Assistant, Greg Wheeler, are regularly involved in providing program information to public and institutions alike as well as operating the Network's integrated program information and scheduling system.

Colleges, Institutes and Universities.

Colleges

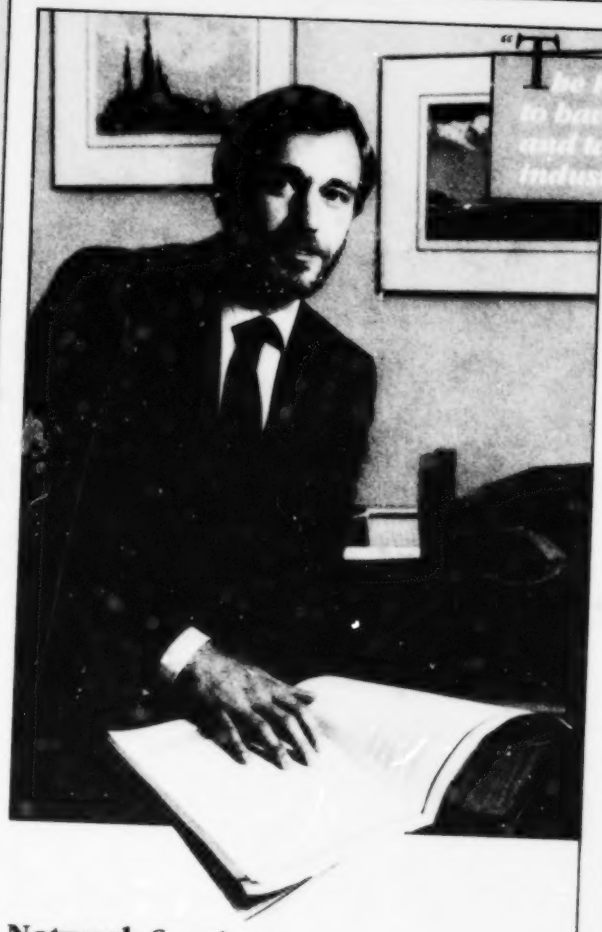
Camosun College
Capilano College
Cariboo College
College of New Caledonia
Douglas College
East Kootenay Community College
Fraser Valley College
Kwantlen College
Malaspina College
North Island College
Northern Lights College
Northwest Community College
Okanagan College
Selkirk College
Vancouver Community College

Institutes

British Columbia Institute of Technology
Emily Carr College of Art and Design
Justice Institute of British Columbia
Open Learning Institute
Pacific Vocational Institute

Universities

Simon Fraser University
University of British Columbia
University of Victoria



"The Knowledge Network is fortunate to have some of the most dedicated and talented individuals in the industry."

Network Services

David W. Roach,
Executive Director

Ninety eight hours a week, the Knowledge Network sends out its programming to the residents of hundreds of communities all over British Columbia. The smooth flow of the program schedule appears effortless, but the apparent ease with which each days programming is delivered is deceptive. For each hour of broadcast time, many hours are spent by Executive Director David Roach and the ***Operations*** staff, to ensure that "on the air" activities are carried out smoothly.

Under the guidance of Manager Ron Harrington, Operations personnel ensure that even the most complex interactive television program allows viewers throughout B.C. to become television ***participants,*** exchanging opinions and information and receiving the answers to their questions.

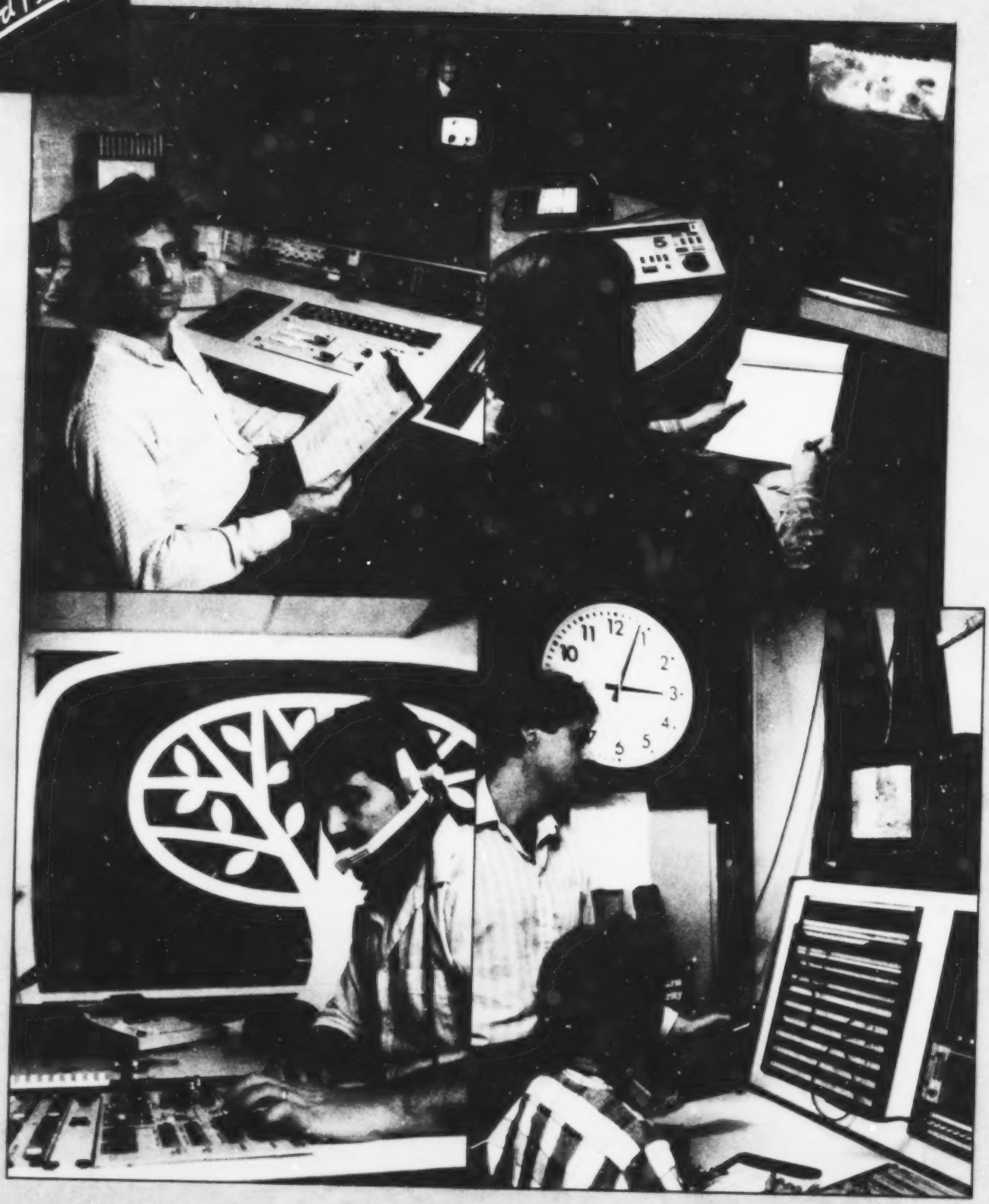
Technical and creative Operations personnel help the Network forge an important link with its audience through the creation of distinctive station identification vignettes and the "B.C. Moments" series which reflect the people and places of our province.

Lighting technicians, writers, tape editors, camera operators, switchers and others combine their talents to create what thousands of viewers have come to know as "the Network".

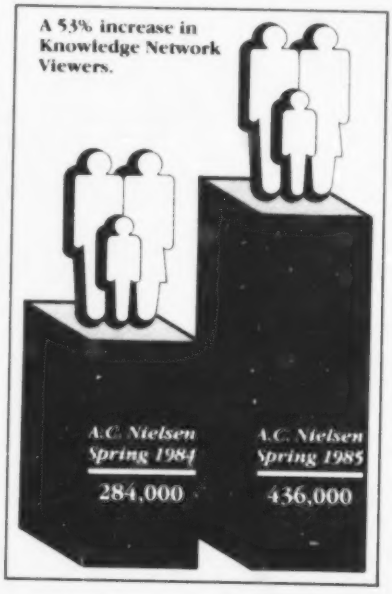
"Each staff member can be proud of the contribution and commitment made towards developing new forms of educational television," says David Roach. "It's that special degree of commitment that sets the Knowledge Network apart from other organizations."

When outstanding programs are selected, when special interactive presentations are produced, or important telecourses are planned, it is Manager Glen Mitchell and his ***Public Affairs*** staff who ensure that the public "gets the message".

Good People!

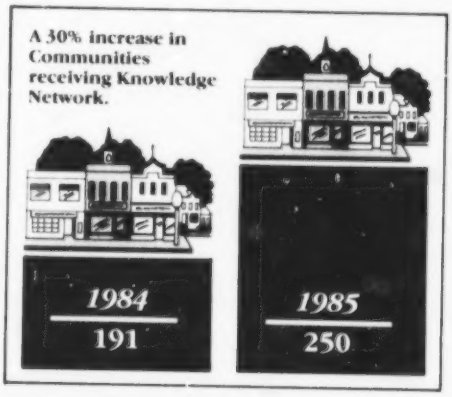


Through the co-operation of corporate and institutional partners, Public Affairs developed special promotions designed to stimulate viewership.



"The growth of individual viewers has been phenomenal . . . up 53.5% within a twelve month period starting in June, 1984," David reports. "The increases are encouraging and confirm that, once aware of the alternative program service, British Columbians will watch and enjoy it."

The second step in the process is to encourage viewers to become ***students,*** by



urging them to register for telecourses. "Glen and his Public Affairs personnel have spread the word very effectively," David says. "The increase in course registrations confirms that people not only want to watch, they want to learn."

The Network continues to receive strong support and encouragement from British Columbia's cable television licensees who provide the final link to subscribers' homes. The Network is also fortunate to have strong, community-based support in the development of locally owned and operated redistribution facilities.

It is important that those who govern and regulate Canada's telecommunications industry understand and appreciate the Network's vital role. To this end, ***Government and Industry Services*** develops and implements policies and activities that help create higher levels of awareness regarding the Network.

The Knowledge Network's membership in the Agency for Tele-education in Canada (ATEC), allows Network personnel to work closely with other regional networks to facilitate co-acquisition of programs, and the co-development of promotional materials.

In all areas — program production, presentation and promotion — ***innovation*** is a by-word. "The new directions come from individuals who have dedicated themselves to the Knowledge Network's goals and objectives," says David Roach. "It is their commitment that have helped increase our audiences, and raise the quality of our programming."

Good People!

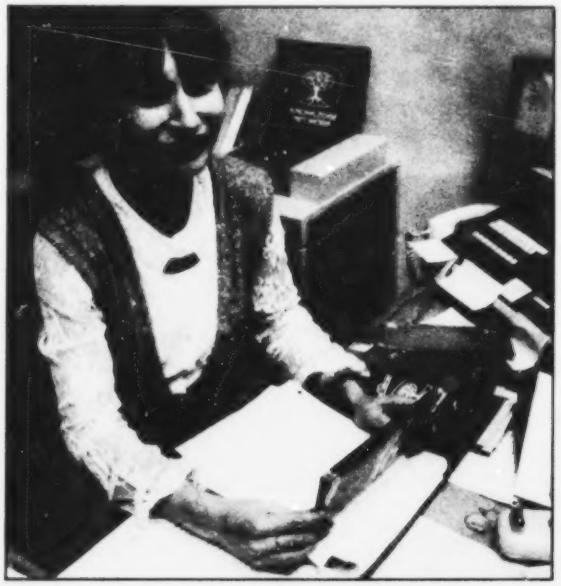
"Programming needs and expenditures have increased substantially reflecting the Network's commitment to provide new and quality programs."

Finance and Business Services

Ena Brannan,
Executive Director

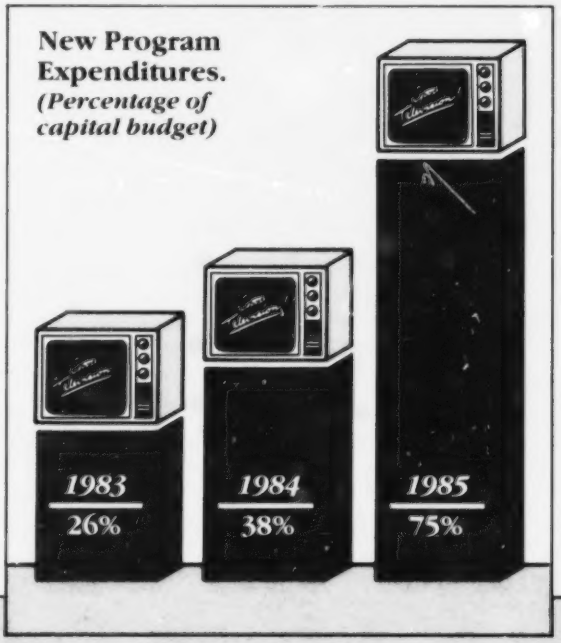
The financial challenges facing an educational television network are unique and, under current economic conditions, require entrepreneurial strategy. Meeting those challenges is, of course, an important objective for the dedicated Finance and Business Service Department. However, Executive Director, Ena Brannan and her Administration and Accounting teams take pride in the other contributions they continue to make to the Network, including those of projecting the Network's future needs.

As forecasted, capital expenditures continue to be reduced each year, with the cost of Network equipment consistently falling each year, from 47% in 1983 to 31% in 1984 and to 8% in 1985. Having met the challenge of reducing expenditures, Ena, Accounting Supervisor Bruce Matthews and Bookkeeper Sharon Killbery consider future possibilities carefully.



As anticipated, programming needs and expenditures have increased substantially reflecting the Network's commitment to provide new and quality programs for those sectors in which the Network has prime responsibility. Today, the costs of program and telecourse acquisition account for over 75% of the Network's capital budget — a significant but anticipated increase from the comparatively modest 26% spent on programming in 1983. This increase was undertaken to meet the demands of the Network's growing audiences.

New Program Expenditures.
(Percentage of capital budget)

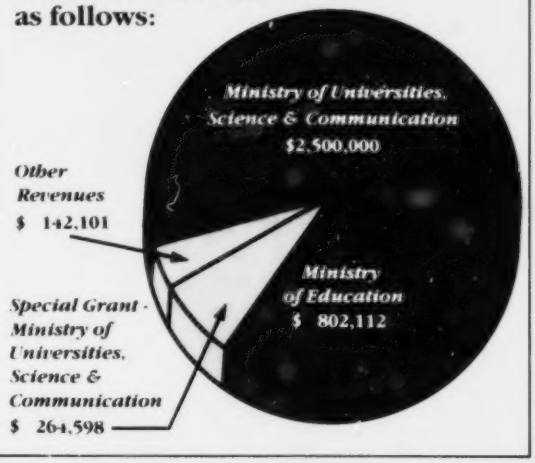


The biggest challenge in 1985 arose with the 8% increase in the Network's satellite charges. Difficult decisions had to be made and, in this instance, important capital purchases were cancelled. In other areas a "hold the line" policy had to be established. In spite of heavier demands placed upon all departments of the Network, administrative costs have remained constant since the beginning of 1984.

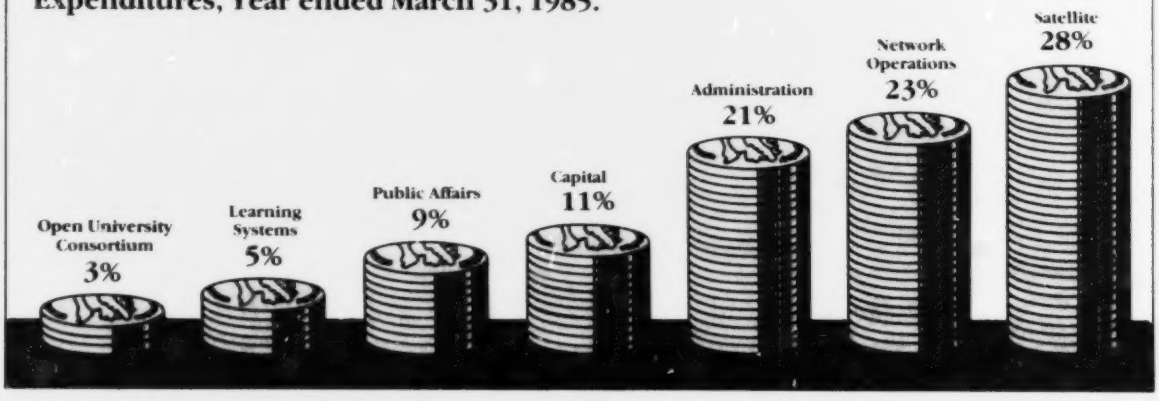
The Knowledge Network's small staff of thirty-eight, operating in three separate locations, experiences serious overcrowding. A "space program" has become one of the highest priorities of the Board of Directors.

"The Network welcomes words from our public," says Ena, "and it thanks the two ministries who have helped us with dedicated funding during the past four difficult years — the Ministry of Education and the Ministry of Universities, Science and Communications."

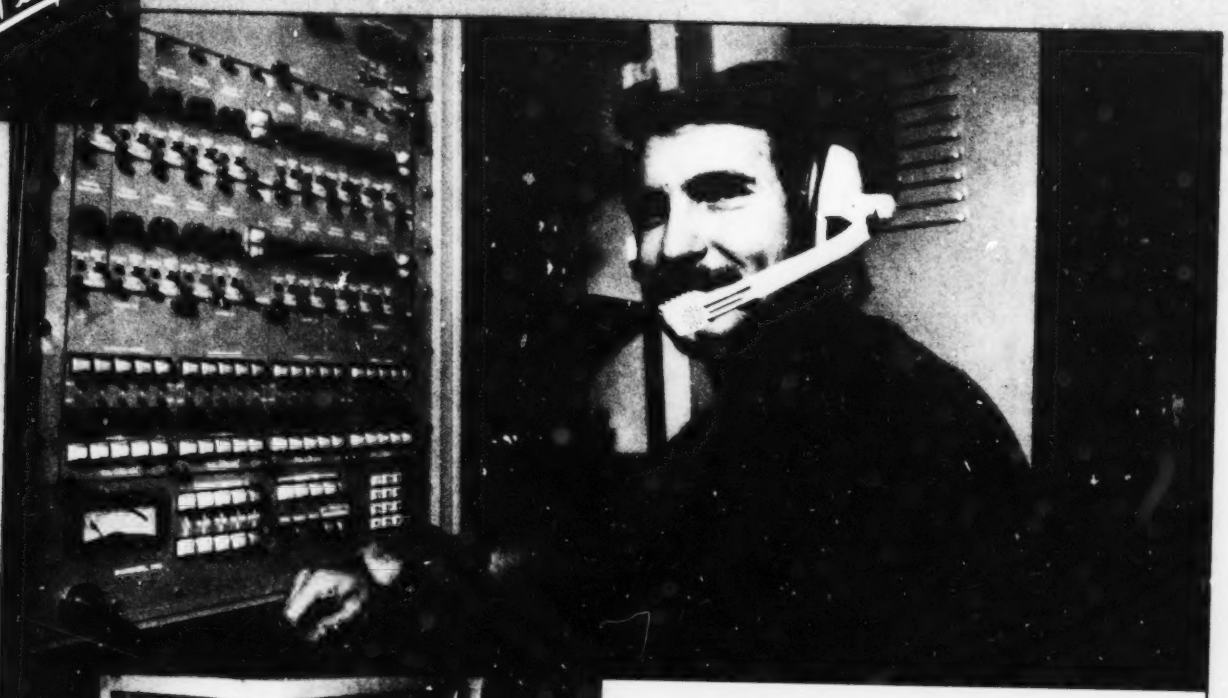
For the fiscal year to March 31, 1985 our sources of revenue were as follows:



Expenditures, Year ended March 31, 1985.



Good People!



Knowledge-West Communications Corporation

The cost of vital information exchange between teaching and medical institutions and within industry is often prohibitively high. In a province as large as B.C., that cost is often measured in ***time*** as well as money.

The Knowledge-West Communications Corporation was initiated to explore the time-and-money saving capabilities of closed circuit, inter-active television and data transmission. The service links universities, teaching hospitals and other government-regulated sites in Greater Vancouver.

One participant, the Department of Pathology provides leadership in tele-education, and conferencing and the use of the system's data channel.

The data channel enables hospitals to share important laboratory and admitting information easily and economically. Working in co-operation with Vancouver General Hospital and B.C.'s Childrens' Hospital, Knowledge-West has developed quality video-based educational and training materials.

Auditor's Report

To the Chairman and Members of the Board of the Knowledge Network of the West Communications Authority, and

To the Minister of Universities, Science and Communications, Province of British Columbia

I have examined the consolidated balance sheet of Knowledge Network of the West Communications Authority as at 31 March 1985 and the consolidated statements of revenue, expenditure and surplus, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Authority as at 31 March 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Erma Morrison, F.C.A.
Auditor General

Victoria, British Columbia
10 May 1985

Knowledge Network of the West Communications Authority

Consolidated Balance Sheet

as at 31 March 1985

	1985	1984
Assets		
Current assets Cash and short-term deposits	$ 609,488	$1,000,396
Grants receivable	-	214,598
Accounts receivable	54,528	8,813
Interest receivable	1,621	3,626
Prepaid expenses (Note 2)	10,000	99,139
	675,637	1,326,572
Investment and advances (Note 3)	1,772,416	1,963,801
Fixed assets (Note 4)	1,452,340	1,495,043
	$3,900,393	$4,785,416
Liabilities and Surplus		
Current liabilities Accounts payable and accrued liabilities	$ 88,994	$ 169,114
Holdbacks payable	-	7,058
Current portion of unearned user fees	8,320	
	97,314	176,172
Unearned user fees	33,280	
	130,594	176,172
Surplus	3,769,799	4,609,244
	$3,900,393	$4,785,416

The accompanying notes are an integral part of these financial statements.

Approved by the Board

G. Vanderkamp
Director

Walter D. Hardwick
Director

Knowledge Network of the West Communications Authority

Consolidated Statement of Revenue, Expenditure and Surplus

For the year ended 31 March 1985

	1985	1984
Revenue Grants - Province of British Columbia (Note 5)	$3,352,112	$3,501,710
Grants - Other	-	5,000
Interest	72,709	102,426
User fees	99,163	18,287
Miscellaneous	10,536	11,600
	3,534,520	3,639,023
Expenditure Administration	838,197	737,767
Learning systems	200,146	175,642
Network operations	954,115	806,362
Public affairs	324,497	314,166
Research and development	4,067	8,544
Satellite	1,055,356	983,551
Open University Consortium	42,130	-
	3,418,508	3,026,032
Excess of revenue over expenditure before depreciation and amortization	116,012	612,991
Depreciation and amortization	667,094	529,911
Excess (deficiency) of revenue over expenditure in Authority	(551,082)	83,080
Share of deficit in joint venture	(288,363)	(58,059)
Excess (deficiency) of revenue over expenditure	(839,445)	25,021
Surplus, beginning of year	4,609,244	4,584,223
Surplus, end of year	$3,769,799	$4,609,244

Knowledge Network of the West Communications Authority

Consolidated Statement of Changes in Financial Position

For the year ended 31 March 1985

	1985	1984
Funds derived from: Excess (deficiency) of revenue over expenditure	$(839,445)	$ 25,021
Charges not affecting current funds:		
Depreciation and amortization	667,094	529,911
Share of deficit in joint venture	288,363	58,059
	116,012	612,991
Proceeds from sale of fixed assets	3,500	-
Unearned user fees	33,280	-
	152,792	612,991
Funds applied to: Purchase of fixed assets	627,891	726,219
Investment in joint venture	95,038	218,446
Advance to Discovery Satellite Network Incorporated	224	15,785
Investment in Pacific Economic Review Institute Society	1,716	-
	724,869	960,450
Decrease in working capital	572,077	347,459
Working capital, beginning of year	1,150,400	1,497,859
Working capital, end of year	$ 578,323	$1,150,400

Knowledge Network of the West Communications Authority

Notes to the Consolidated Financial Statements

For the year ended 31 March 1985

1. Significant accounting policies

a) Principles of Consolidation

The accounts of the Authority are consolidated with those of its wholly-owned subsidiary Knowledge West Communications Corporation. All inter-company transactions have been eliminated in these consolidated financial statements.

The investment by Knowledge West Communications Corporation in a joint venture, Knowledge West Partnership, has been accounted for in these financial statements on an equity basis.

b) Depreciation and amortization

The Authority records fixed assets at cost and depreciates them using the straight line method over their estimated useful life as follows:

Furniture and equipment	10% per annum
Earth stations	20% per annum
Network equipment	20% per annum
Programs	20% per annum
Tapes	20% per annum
Leasehold improvements	Term of lease
License agreements	Life of the respective agreement

2. Prepaid expenses

In March 1985 $10,000 was paid for membership in the International University Consortium for the period April 1985 to March 1986. This payment was made for the Open University Consortium.

3. Investment and advances

a) Details of the investment in a joint venture, Knowledge West Partnership, accounted for on an equity basis are as follows:

	1985	1984
Advances	$2,101,117	$2,006,079
Accumulated deficit	(346,426)	(58,063)
	1,754,691	1,948,016
b) Advance to Discovery Satellite Network Incorporated	16,009	15,785
c) Investment in Pacific Economic Review Institute Society	1,716	
	$1,772,416	$1,963,801

4. Fixed assets

	Cost	Accumulated Depreciation & Amortization	1985 Net Book Value	1984 Net Book Value
Furniture and equipment	$ 314,496	$ 73,227	$ 241,269	$ 173,096
Earth stations	84,131	82,939	1,192	18,017
Leasehold improvements	208,852	157,719	51,133	90,422
Network equipment	1,432,401	853,787	578,614	741,248
Programs	96,197	44,124	52,073	8,979
Tapes	230,171	112,800	117,371	99,831
License agreements	887,622	476,934	410,688	363,450
	$3,253,870	$1,801,530	$1,452,340	$1,495,043

5. Grants - Province of British Columbia

Grants were provided for the following purposes:

	1985	1984
Operating	**$3,302,112**	$3,237,112
Interior programming	-	125,000
Contingency holdback	-	89,598
Non-metropolitan programs	**50,000**	50,000
	$3,352,112	$3,501,710

6. Commitments

Commitments for the purchase of new programs for the Open University Consortium amounted to $59,672 at 31 March 1985.

7. Comparative Figures

Certain 1984 figures have been restated in order to conform with financial statement presentation adopted in 1985.

Knowledge Network of the West Communications Authority

Non-consolidated Balance Sheet

as at 31 March 1985

Assets

	1985	1984
Current assets Cash and short-term deposits	$ 602,466	$ 594,366
Grants receivable	-	214,598
Accounts receivable	51,168	8,813
Interest receivable	1,621	3,535
Prepaid expenses (Note 2)	10,000	99,139
	665,255	920,451
Investment and advances (Note 3)	1,855,507	2,403,961
Fixed assets (Note 4)	1,336,489	1,413,954
	$3,857,251	$4,738,366

Liabilities and Surplus

Current liabilities Accounts payable and accrued liabilities	$ 87,452	$ 129,122
Surplus	3,769,799	4,609,244
	$3,857,251	$4,738,366

The accompanying notes are an integral part of these financial statements.

Approved by the Board

Director

Director

Knowledge Network of the West Communications Authority

Non-consolidated Statement of Revenue, Expenditure and Surplus

For the year ended 31 March 1985

	1985	1984
Revenue Grants - Province of British Columbia (Note 5)	$3,352,112	$3,501,710
Grants - Other	-	5,000
Interest	45,502	47,679
User fees	96,063	18,287
Miscellaneous	536	11,600
	3,494,213	3,584,276
Expenditure Administration	800,873	693,962
Learning systems	200,146	175,642
Network operations	853,737	791,233
Public affairs	324,497	314,166
Research and development	4,067	8,544
Satellite	1,055,356	983,551
Open University Consortium	42,130	-
	3,280,806	2,967,098
Excess of revenue over expenditure before depreciation and amortization	213,407	617,178
Depreciation and amortization	632,458	518,564
Excess (deficiency) of revenue over expenditure in Authority	(419,051)	98,614
Deficit of subsidiary	(420,394)	(73,593)
Excess (deficiency) of revenue over expenditure	(839,445)	25,021
Surplus, beginning of year	4,609,244	4,584,223
Surplus, end of year	$3,769,799	$4,609,244

Knowledge Network of the West Communications Authority

Non-consolidated Statement of Changes in Financial Position

For the year ended 31 March 1985

	1985	1984
Funds derived from: Excess (deficiency) of revenue over expenditure	$(839,445)	$ 25,021
Charges not affecting current funds:		
Depreciation and amortization	632,458	518,564
Deficit of subsidiary	420,394	73,593
	213,407	617,178
Repayment of advance by subsidiary	130,000	-
Proceeds from sale of fixed assets	3,500	-
	346,907	617,178
Funds applied to: Purchase of fixed assets	558,493	679,169
Advance to subsidiary	-	25,000
Advance to Discovery Satellite Network Incorporated	224	15,785
Investment in Pacific Economic Review Institute Society	1,716	-
	560,433	719,954
Decrease in working capital	213,526	102,776
Working capital, beginning of year	791,329	894,105
Working capital, end of year	$ 577,803	$ 791,329

Knowledge Network of the West Communications Authority

Notes to the Non-consolidated Financial Statements

For the year ended 31 March 1985

1. Significant accounting policies

a) Consolidation

These financial statements have been prepared for management purposes only, in accordance with generally accepted accounting principles except that they have been prepared on a non-consolidated basis. The Authority's investment in its wholly-owned subsidiary, Knowledge-West Communications Corporation, is accounted for in these financial statements on an equity basis. Consolidated financial statements have been prepared and reported on separately.

b) Depreciation and amortization

The Authority records fixed assets at cost and depreciates them using the straight line method over their estimated useful life as follows:

Furniture and equipment	10% per annum
Earth stations	20% per annum
Network equipment	20% per annum
Programs	20% per annum
Tapes	20% per annum
Leasehold improvements	Term of lease
License agreements	Life of the respective agreement

2. Prepaid expenses

In March 1985 $10,000 was paid for membership in the International University Consortium for the period April 1985 to March 1986. This payment was made for the Open University Consortium.

3. Investment and advances

a) The Authority owns all of the issued and fully paid shares of Knowledge-West Communications Corporation. Details of the investment accounted for on an equity basis are as follows:

	1985	1984
Shares	$ 3,965	$ 3,965
Advances	2,358,035	2,488,035
Accumulated deficit	(524,218)	(103,824)
	1,837,782	2,388,176
b) Advance to Discovery Satellite Network Incorporated	16,009	15,785
c) Investment in Pacific Economic Review Institute Society	1,716	-
	$1,855,507	$2,403,961

4. Fixed assets

	Cost	Accumulated Depreciation & Amortization	1985 Net Book Value	1984 Net Book Value
Furniture and equipment	$ 314,496	$ 73,227	$ 241,269	$ 173,096
Earth stations	84,131	82,939	1,192	18,017
Leasehold improvements	208,852	157,719	51,133	90,422
Network equipment	1,259,221	796,458	462,763	660,159
Programs	96,197	44,124	52,073	8,979
Tapes	230,171	112,800	117,371	99,831
License agreements	887,622	476,934	410,688	363,450
	$3,080,690	$1,744,201	$1,336,489	$1,413,954

5. Grants - Province of British Columbia

Grants were provided for the following purposes:

	1985	1984
Operating	$3,302,112	$3,237,112
Interior programming	-	125,000
Contingency holdback	-	89,598
Non-metropolitan programs	50,000	50,000
	$3,352,112	$3,501,710

6. Commitments

Commitments for the purchase of new programs for the Open University Consortium amounted to $59,672 at 31 March 1985.

7. Comparative Figures

Certain 1984 figures have been restated in order to conform with financial statement presentation adopted in 1985.

Knowledge-West Communications Corporation

Balance Sheet

as at 31 March 1985

	1985	1984
Assets		
Current assets Cash and short-term deposits	$ 7,022	$ 406,030
Accounts receivable	3,360	91
	10,382	406,121
Investment in joint venture (Note 2)	1,754,691	1,948,016
Fixed assets (Note 3)	115,851	81,089
	$1,880,924	$2,435,226
Liabilities and Shareholder's Equity		
Current liabilities Accounts payable	1,542	39,992
Holdback payable	-	7,058
Current portion of unearned user fees	8,320	-
	9,862	47,050
Unearned user fees	33,280	-
Advance from Knowledge Network of the West Communications Authority (Note 4)	2,358,035	2,488,035
	2,401,177	2,535,085
Shareholder's equity (deficiency)		
Share capital (Note 5)	3,965	3,965
Deficit	(524,218)	(103,824)
	(520,253)	(99,859)
	$1,880,924	$2,435,226

The accompanying notes are an integral part of these financial statements.

Approved by the Board

Director

Director

Knowledge-West Communications Corporation

Statement of Revenue, Expenditure and Deficit

For the year ended 31 March 1985

	1985	1984
Revenue Consulting	$ 10,000	$ -
Interest	27,207	54,747
User fees	5,900	
	43,107	54,747
Expenditure Administration	30,579	26,718
Consulting	9,000	16,114
Legal	545	973
Maintenance	7,887	408
Market development	5,415	-
Microwave charges	53,848	-
Miscellaneous	6,119	4,348
Production services	9,410	5,039
Telephone	16,137	3,790
Travel	1,562	1,544
	140,502	58,934
Excess of expenditure over revenue before depreciation	97,395	4,187
Depreciation	34,636	11,347
Excess of expenditure over revenue in Corporation	132,031	15,534
Share of deficit in joint venture	288,363	58,059
Excess of expenditure over revenue	420,394	73,593
Deficit, beginning of year	103,824	30,231
Deficit, end of year	$ 524,218	$ 103,824

Knowledge-West Communications Corporation

Statement of Changes in Financial Position

For the year ended 31 March 1985

	1985	1984
Funds derived from: Advance from Knowledge Network of the West Communications Authority	$ -	$ 25,000
Unearned user fees	33,280	
	33,280	25,000
Funds applied to: Excess of expenditure over revenue	420,394	73,593
Charges not affecting current funds:		
Depreciation	(34,636)	(11,347)
Share of deficit in joint venture	(288,363)	(58,059)
	97,395	4,187
Purchase of fixed assets	69,398	47,050
Investment in joint venture	95,038	218,446
Repayment of advance	130,000	-
	391,831	269,683
Decrease in working capital	358,551	244,683
Working capital, beginning of year	359,071	603,754
Working capital, end of year	$ 520	$ 359,071

Knowledge-West Communications Corporation

Notes to the Financial Statements

For the year ended 31 March 1985

1. Nature of operations

These financial statements have been prepared on a going concern basis which assumes that the Corporation will be able to discharge its liabilities through its future operations.

The continuing operations of the Corporation are dependent upon its ability to obtain additional future funding and to operate profitably.

2. Investment in joint venture

The Corporation has entered into a joint venture, Knowledge-West Partnership, with Rogers Cable TV - British Columbia Limited (formerly Premier Communications Limited) to construct and operate an educational telecommunications network. The Corporation contributes 60% of the cable plant costs and 100% of the equipment costs. Details of the investment in the joint venture accounted for an on equity basis are as follows:

	1985	1984
Advances	**$2,101,117**	$2,006,079
Accumulated deficit	**(346,426)**	(58,063)
	$1,754,691	$1,948,016

Summary financial information relating to the Corporation's proportionate share of the joint venture is as follows:

	1985	1984
Current assets	**$ 5,987**	$ 15,078
Fixed assets	**1,748,704**	1,932,938
Equity	**1,754,691**	1,948,016
Expenditure	**93,340**	58,059
Depreciation	**195,023**	-

3. Fixed assets

	Cost	Accumulated Depreciation	1985 Net Book Value	1984 Net Book Value
Network equipment	$173,180	$57,329	**$115,851**	$81,089

The Corporation records fixed assets at cost and depreciates them using the straight line method over their estimated useful life - Network Equipment 20% per annum

4. Advance

The advance from Knowledge Network of the West Communications Authority has no fixed terms of repayment and bears no interest.

5. Share Capital

		1985	1984
Authorized			
Class A - 1000 voting shares, par value $1			
Class B - 1000 voting shares, par value $1			
Class C - 4,000,000 non-voting shares without par value			
Issued and fully paid			
Class A - 1000 shares	$1,000		
Class B - 1000 shares	1,000		
Class C - 1,965,000 shares	1,965		
		$3,965	$3,965

6. Comparative figures

Certain 1984 figures have been restated in order to conform with financial statement presentation adopted in 1985.